

Lessons from Biocon

Biocon Case



What Happened?

- BIOMab launched at \$1,000 per dose
 - marketing wanted higher, but Dr Mazumdar-Shaw favored ethical considerations
- Lots of attention and endorsed by Shah Rukh Khan (top Indian movie star) whose father died from cancer
- 2nd and 3rd tier doctors adopt... top tier wait



What Happened?

- Competition
 - Erbitux launched in late 2006 after phase 3. About twice the price of BIOMab (\$2,000) but less than expected
- BIOMab Sales
 - 12/2007 1k patients (~5% of market)
 - 12/2008 2k patients (some off label and some expansion to Pakistan)
 - Implies 8 year break even

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What Happened?

- Biocon exits eEnzymes to focus on low price test launches (social mission of Mazumdar-Shaw)
- Early 2007 announces partnership with Bristol Meyers Squibb to advance discovery and drug development in India
- In 2007-8 partners with Abraxas Bioscience to market breast cancer drug, Abraxine, in India and south Asia
- In 2008 #20 globally in revenue

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Key Take Aways

- Example of 3 C's and 4 P's providing a nice framework to tackle a complex situation in a structured fashion
- Even with an outstanding product (i.e. BIOMAb had 100% response rate) you must be able to capture a portion of the value created
- **Break Even Analysis** used to determine number of treatments or patients required to pay for capital investments (i.e. manufacturing plant)
- **Sensitivity Analysis** helpful in describing the impact of pricing and market size on overall market potential
- There are many competing reasons for business decisions. Sometimes these decisions are made in spite of the data
- However, it is important to do the analysis as the data can help you make better decisions and/or predict the likely challenges/opportunities for a given path

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